(b) if so, whether Swiss Airlines has come forward to operate its flights from Bangalore;

(c) the present stage of negotiations in this regard; and

(d) by when the Swiss Airlines will commence its international flights from Bangalore?

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN): (a) Estimated traffic potential from Bangalore to Switzerland is approximately 220 passengers per month.

(b) In September, 2000 Swiss Air presented a Memorandum, *inter alia*, requesting for one additional point of its choice in India amongst Bangalore, Chennai and Hyderabad. This request was not followed up by them.

(c) Bangalore is not presently available as a point of call to the designated airline of Switzerland. Such requests are considered during bilateral air services consultations with respective Government as and when held.

(d) Swiss Air has since declared themselves bankrupt. Their operations are likely to be taken over by Cross Air.

Losses suffered by LA and Alliance Air

468. SHRI GOPALSINH G. SOLANKI: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Indian Airlines (IA) and Alliance Air (AA) are running into losses;

(b) if so, the details thereof for the last two years;

(c) in what manner IA and AA are managing when they are losing heavily; and

(d) the steps Government have taken or propose to take to make the two Airlines profitworthy?

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN): (a) to (c) The net profit/(loss) of Indian Airlines and Alliance Air for the last two years is as under:—

Year	Net Profit/(Loss) Rs. (In crores)	
	Indian Airlines	Alliance Air
1999-2000	51.42	0.94
2000-2001	(159.17)	(71.19)

As per the Budget Estimates prepared by the Company for the year 2000-01 in December, 1999, Indian Airlines had projected a net profit of Rs. 28.75 crores. Subsequent to the Budget approval in December, 1999, due to steep rise in various input costs, the Revised Estimate for the year 2000-2001 reflected a net loss of Rs. 177.25 crores. The actual loss, as per the Annual Accounts for the year 2000-01 (provisional), is a lower net loss *i.e.* Rs. 159.17 crores. The losses due to external factors and beyond the control of Indian Airlines were due to the following:—

There were two successive hikes in Aviation Turbine Fuel prices during the year 2000, as a result of which the average price per kiloliter of Aviation Turbine Fuel (ATF) went up from Rs. 15,180/to Rs. 22,500/a staggering increase of around 48% resulting in an additional outgo of Rs. 231/crbres on Indian Airlines and Rs. 61/crores on Alliance Air, its subsidiary during the fiscal year 2000-01.

In the aftermath of Kathmandu hijack in December, 1999, the Ministry of Civil Aviation decided that Sky Marshals should travel on security sensitive flights of Indian Airlines, and that Indian Airlines should bear this expenditure. Expenditure on this and other related security enhancement requirements has been Rs. 10/crores during 2000-01. During the period under review Sky Marshal did not travel on flights of any other scheduled domestic airlines.

Ministry of Finance imposed a duty of 3% on import of aircraft, leased or purchased, which had an additional burden of Rs. 8/crores on import of two leased Airbus A-320 aircraft by Indian Airlines.

Cochin has built a new private airport at Nedumbassery. Air India has been given the sole concessionaire rights from May, 1999 for handling flights of all airlines. Prior to this, Indian Airlines used to operate to the Naval airfield at Cochin where it used to handle its own flights. This change caused an additional outgo of Rs. 10/crores.

In the aftermath of a hard landing of an A-320 aircraft at Yangon in October, 1999 hijack of Airbus A-300 from Kathmandu in December, 1999, and accident of Boeing 737 aircraft at Patna in July, 2000, the reinsurance market raised premium payments of Indian Airlines by USD 3 million (Rs. 14 crores) in October, 2000.

The exchange rate of one US dollar increased from Rs. 44/to 47/during the financial year 2000-01.

The additional outgo during the year 2000-01 in view of the above factors was in excess of Rs. 300 crores. If this unforeseen outgo had not to be borne by the Company, it would have ended the year 2000-01 with profits.

Due to a pro-active and focused market approach, the Company registered considerable improvement in the various physical parameters of performance. Capacity Production, in terms of Available Tonne Kilometers (ATKMs), Capacity Utilisation, in terms of Re venue Tonne Kilometers (RTKMs) number of passengers carried and Load and Seat Factors Indian Airlines registered an improvement in spite of highly competitive market scenario.

Physical Performance

	2000-01	1999-2000
ATKMs (Millions)	1153.684	1120.926
RTKMs (Millions)	777.342	740.285
Passengers carried (Millions)	5.99	5.93
Load Factor (%)	67.4	66.0
Seat Factor (%)	65.3	64.0

In line with the physical performance, the operating revenue also during 2000-01 increased by 6.88% over corresponding figures of previous year (Rs.3793.34 crores during 2000-01 as against Rs. 3549.17 crores in 1999-2000).

Due to the incident in the United States on the 11th September, 2001 the overall combined seat load factor of all the operators declined to 5 3.2% in September, 2001 as against 57.3% in the previous month. The seat load factor of Indian Airlines during September, 2001 was 56% highest amongst the three domestic scheduled operators.

Indian Airlines has been taking steps and working out the strategies from time to time, on an ongoing basis, to improve its operational and financial performance. This is manifested in turn around made by the Company in 1997-98 after continuous losses for 8 years from 1989-90 to 1996-97 due to reasons beyond its control like grounding of A-320 fleet, merger of erstwhile Vayudoot, Open Skies Policy etc.

— The various marketing initiatives and other innovative measures taken by the Company to improve capacity utilisation, including On-time performance and maintaining market share include the recent "Flexi-Fare' Policy, Holiday packages, FFT, Corporate Deals, enhancement of standard of customers service etc.

— The Company has been inducting capacity in consonance with the market demand and to meet its growth target The lease of two A-300 B4 aircraft renewed for another 3 years till May/June 2003 and twoA-320 aircraft inducted on lease April/May 2001. Two more A-320 aircraft were be inducted on lease in second half of 2001-02 and two more A-320 aircraft will join the fleet at the end of 2001-02.

— Government has decided in principle to infuse Rs. 325 crores as equity in the form of margin money for acquisition of new aircraft.

(d) Government of India has decided, in principle, to release an amount of Rs. 325 crores as equity infusion in Indian Airlines in the form of margin money for acquisition of aircraft. This will enable Indian Airlines to replace its ageing fleet and thereby reducing the cost on account of maintenance. It will also enable Indian Airlines to augment its fleet resulting into, increase capacity and improved market share.

Reduction in the operational cost of IA and AI

469. SHRI LAJPAT RAI:

SHRIMATIGURCHARAN KAUR:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there has been any improvement in the financial position of Air India and Indian Airlines during the current year as compared to the last two years;

(b) if so, the details thereof; and

(c) the steps Government have taken to reduce the operational cost in these PSUs?

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN): (a) and (b) The financial position of Air India and Indian Airlines during last three years is as under:—